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FISCAL IMPACT STATEMENT

LS 6750

BILL NUMBER: SB 376

NOTE PREPARED: Feb 7, 2013

BILL AMENDED:

SUBJECT: Gross assessed value limit on annexations.

FIRST AUTHOR: Sen. Buck

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that for annexations adopted after June 30, 2013, a municipality may not annex territory that would result in an increase in the total gross assessed value of the municipality by more than 15% in the ensuing calendar year (as compared to the total gross assessed value of the municipality before the effective date of the annexation ordinance), regardless of whether the increase in assessed value results from one or more than one annexation.

It provides that for annexations adopted after June 30, 2013, the effective date of an annexation ordinance may not be more than one year after the date the annexation ordinance is adopted. (Current law provides that the effective date of an annexation ordinance in some annexations may be postponed for not more than three years.)

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Current law provides an automatic increase in a civil taxing unit's maximum levy when the unit's geographic boundaries change. The increase is equal to the percentage increase in the assessed valuation base, up to 15%.

This bill would limit the increase in assessed valuation due to an annexation to 15% so it would mirror the maximum increase in the levy. This would give the municipality in question additional resources to fund services in the annexed area. As the increase in the maximum levy is capped at 15%, an increase in assessed valuation of over 15% may result in the municipality having to provide services in the annexed area without receiving commensurate tax revenue from that area. As result, programs in other areas of the municipality may have to be reduced.

The fiscal impact of reducing the postponement of the effective date of an annexation from three years to one year is unknown at this time.

State Agencies Affected:

Local Agencies Affected: Municipalities and annexed taxing units.

Information Sources:

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